



# NO SUCH THING AS 'OFF THE GRID'

All fed cattle get a report card sooner or later.

Story & photos by Miranda Reiman, Certified Angus Beef LLC

**E**ven if you don't grid your cattle, you grid your cattle." That somewhat puzzling statement came from a head cattle buyer to a producer audience years ago. He explained how live bids are made every day based off of how those cattle will do in the cooler.

It's still the way it works today, says Paul Dykstra, assistant director of supply management and analysis for the *Certified Angus Beef*® (CAB®) brand.

"They are basically looking at them on the grid in their mind," he notes. "If they're buying them on a live bid, they're trying to buy cattle that are worth more than they're going to pay for them."

It's part of the "running report card" that buyers are graded on themselves.

The same is true for cattle feeders buying calves. They are also roughly running them through the grid

equation in their mind, betting on how those feeder calves will work out as finished animals, Dykstra says.

That's why it's helpful for a cow-calf producer — regardless of how they market calves — to have a base understanding of the calculations and what they can do to affect them.

"It's important to know where the premiums come from, and that's most definitely going to be from Choice, CAB and Prime carcasses; but it's really important to know that there are significant discounts when we mess up," he says.

## What to do

The main ways to do that? Too many heavyweight carcasses [above 1,050 pounds (lb.) on most grids] and an excessive number of Yield Grade (YG) 4 and 5 discounts on grids where YG 3 is par.

The goal isn't to have zero discounts, however.

"You want to maximize quality grade and optimize yield," Dykstra says.

In a pen of Angus-based cattle, that probably means very few YG 1s, but trying to limit YG 4s to an acceptable level, he says.



How cattle are fed matters, but much of their potential for grid success is already set before cattle even set hoof in the yard. Cow-calf producers are the designers of the raw material, Dykstra says.

“They have the most control over genetics, and that’s probably the factor that, once done right or once done wrong, is very difficult to overcome,” he says. “So we can manage through some scenarios, but we imprint the calf with their genetics right from the start, and that’s what we’re working with.”

## Security in Angus

Picking a high-marbling breed gives cattlemen a head start.

“I would have no fear putting a lot of Angus cattle on the grid, even not knowing what their genetics are, just because of their breed. You’re already above average,” he says. “Your chances of success in grid marketing are pretty good — unless you’ve selected bulls purposely against marbling.”

Using the CAB *Targeting the Brand*<sup>™</sup> program recommendations gives a base from which to start when looking to make improvements, Dykstra says (see “Targeting Quality?” page 60). That means

## Average isn’t good enough

A grid marketing win is not just about having good cattle, but also being better than the next load.

Cattle are graded individually, but packers look at an entire load average to determine if any cattle in the group earn a premium. Then, that number is weighed against the average of the cattle coming into the plant in that given week, Dykstra says.

For example, with a fed population that reaches 70% Choice, a cattleman has opportunity to earn a Choice premium for the share of cattle in that lot that exceeds the plant average in grading Choice. For this example, there is opportunity to beat the plant average by as much as 30 percentage points (if the load were to go 100% Choice). In this case, if the Choice-Select spread were \$10 per hundredweight (cwt.), you would multiply 10 by 30% to get the \$3-per-cwt. premium for every Choice carcass in the load.

“Whether it’s 40 head or 150 head, the percentage of those cattle grading Choice matters,” he says.

Typically, spring and fall are ideal for capturing the most quality premiums, but seasonality plays less of a role in CAB carcass trends, Dykstra adds. That’s because demand has been carefully matched with growing supply over the decades.

Even though 36% of all eligible Angus-type cattle reached CAB last year, packers continue to pay higher premiums compared to when supplies were historically low. Last year, cattle earned an average of around \$50 per head for reaching the brand.

“When we can sell more product and still keep a premium up there for cattle, that’s a great thing,”



looking for bulls with the *Targeting the Brand* logo, or that have a marbling (Marb) expected progeny difference (EPD) of +0.65 or above and an Angus grid value index (\$G) of +55 or higher.

“To give themselves the most

opportunity, they also need to breed some muscle into those cattle,” Dykstra says. “That’s keeping an eye on ribeye within a window of acceptability and keeping some muscle content to help their dressing percentage, but largely to help their yield grade. Not just ribeye area — but also total body muscularity.”

From plant averages to dressing percentage — there are more nuances involved in a grid payout than simply having high-quality cattle, but it really does start there.

“Avoid the pitfalls — that’s the first rule of grid marketing,” Dykstra says. “The second would be to know where your premiums are coming from, and that would be marbling.”

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